Double Bond Chemical Ind. Co., Ltd.

GM Mawder Tsay 2020.12.29

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Outline

- Company Introduction
- Product Applications
- Operating Performance
- Future Prospects

Company Introduction

(1) Profile

(2) Marketing Distribution

(3) Competitive Strengths

(1) Profile

Stock code：4764

- **Market Position**：Eco-friendly, Energy-saving, Fine chemicals manufacturer
- **Major Products**：Plastic additives, UV curing materials, Digital printing inks, Electronic chemicals
- **Establishment**：February, 1994
- **Capital**：754 million
- **Factory**：

  Dafeng port petrochemical new material industrial park, Dafeng District, Yancheng, Jiangsu Province, China

  Letzer Industrial Park, Yilan County, Taiwan

- **Number of Employees**: 377, including R&D staffs 35 people, nearly 10% (by 2020/11/30)
- **Annual Sales Revenue**：3.5 billion (year 2019)

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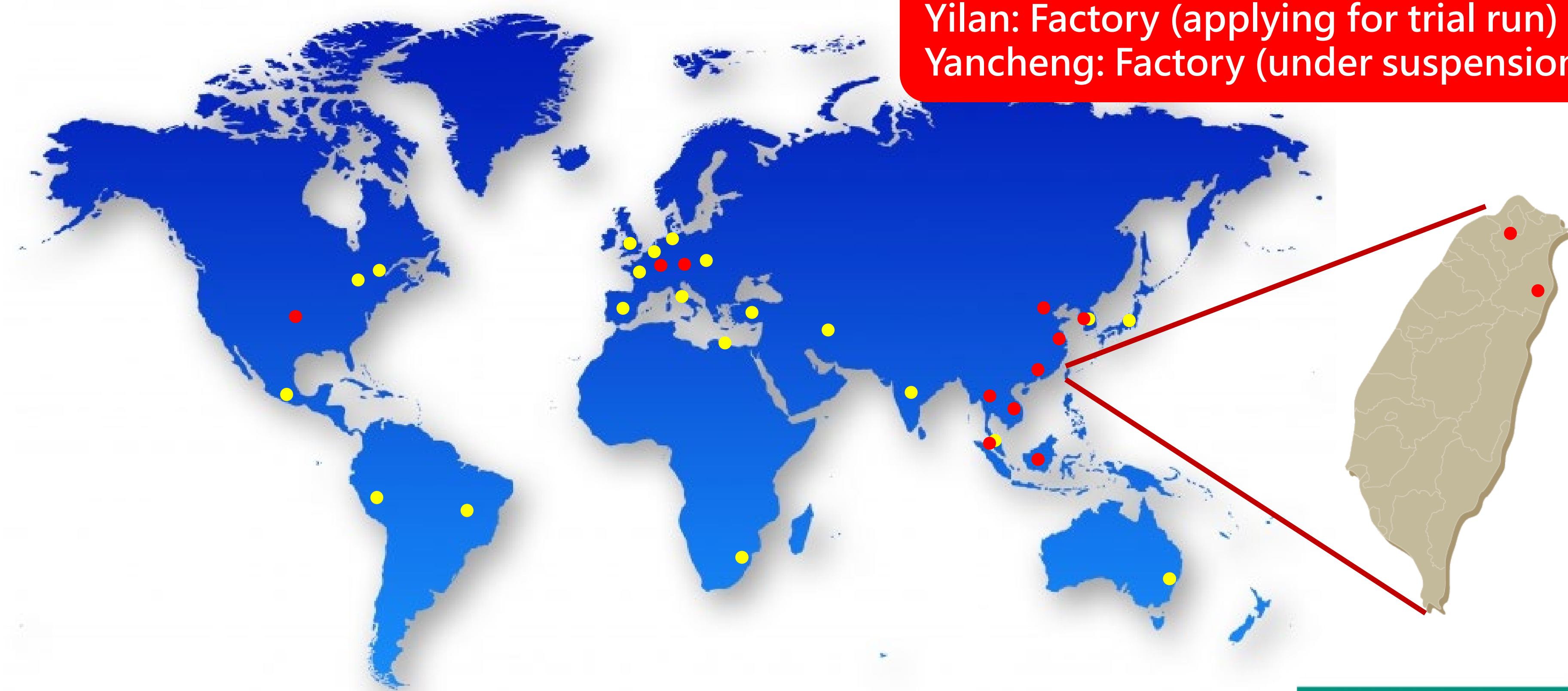
(2) Marketing Distribution

- Group companies x 13
- Distributors x 36

Over 3000 global customers in year 2019

Zhonghe: Headquarter & RD center
Yilan: Factory (applying for trial run)
Yancheng: Factory (under suspension)



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Global Markets

- **Asia**
  - India
  - Indonesia
  - Japan
  - Korea
  - Malaysia
  - Vietnam
  - Thailand
- **Europe**
  - Austria
  - Benelux
  - Czech Republic
  - France
  - Germany
  - Russia
  - Ukraine
  - Spain
  - Turkey
  - United Kingdom
- **Oceania**
  - Australia
  - New Zealand
- **The Middle East**
  - Iran
  - Egypt
- **Africa**
  - South Africa
- **North America**
  - Canada
  - USA
- **South America**
  - Brazil
  - Mexico
  - Peru

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(3) Competitive Strengths: Platform Integration

Customers' Requests

Future Trend Solutions

Developing Chemicals

Synthesis Group

Application Group

Database Case Comparison

Issue Analysis

Scale-Up Procedure

Tailored Products

Formulated Products

Marketing

R&D

Production

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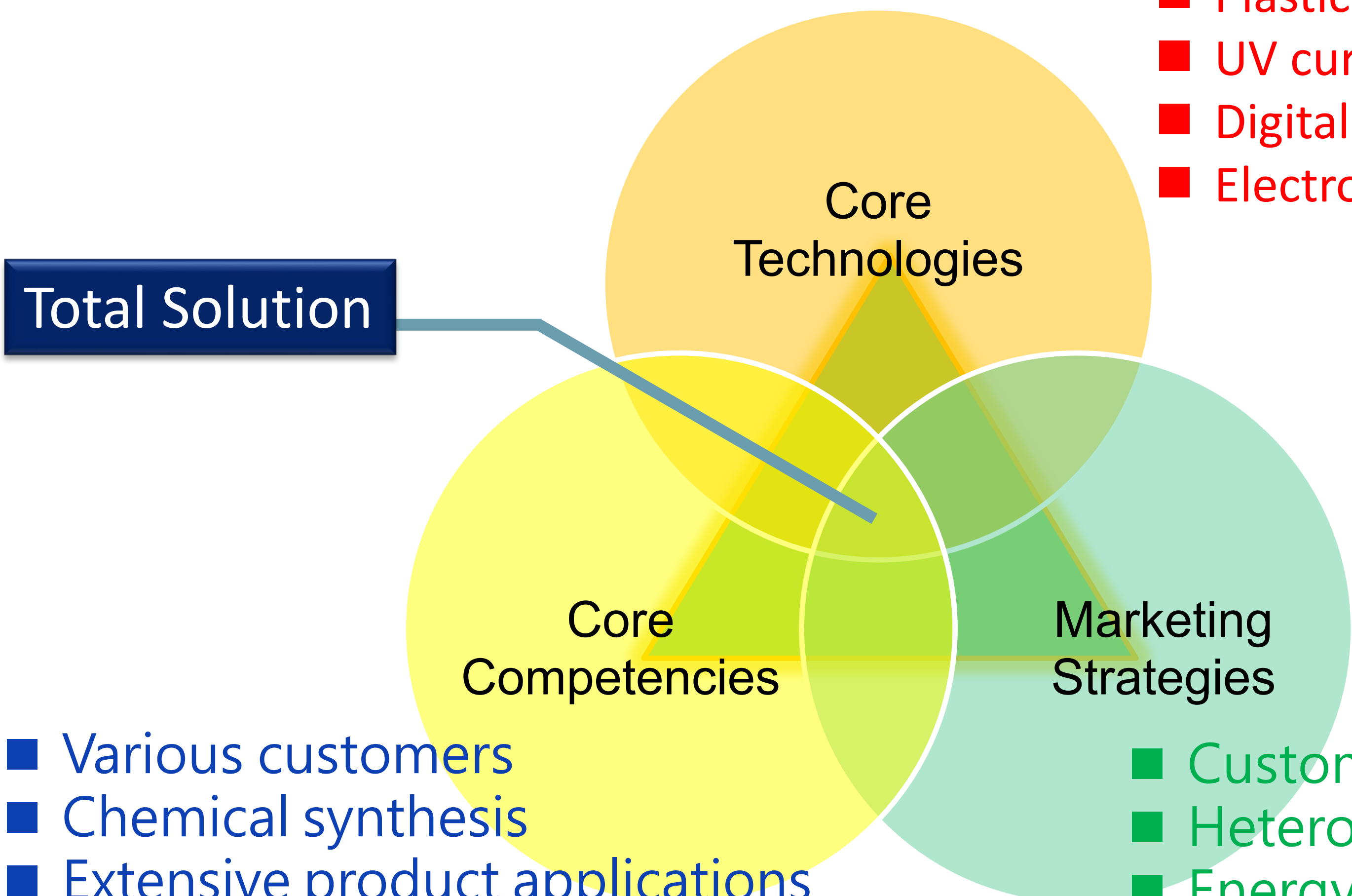
(3) Competitive Strengths: Sales Strategies

- Plastics additives
- UV curing materials
- Digital printing inks
- Electronic chemicals



- Various customers
- Chemical synthesis
- Extensive product applications
- Creation and innovation for future developments

- Customized
- Heterogeneous alliance
- Energy saving
- Functional benefits

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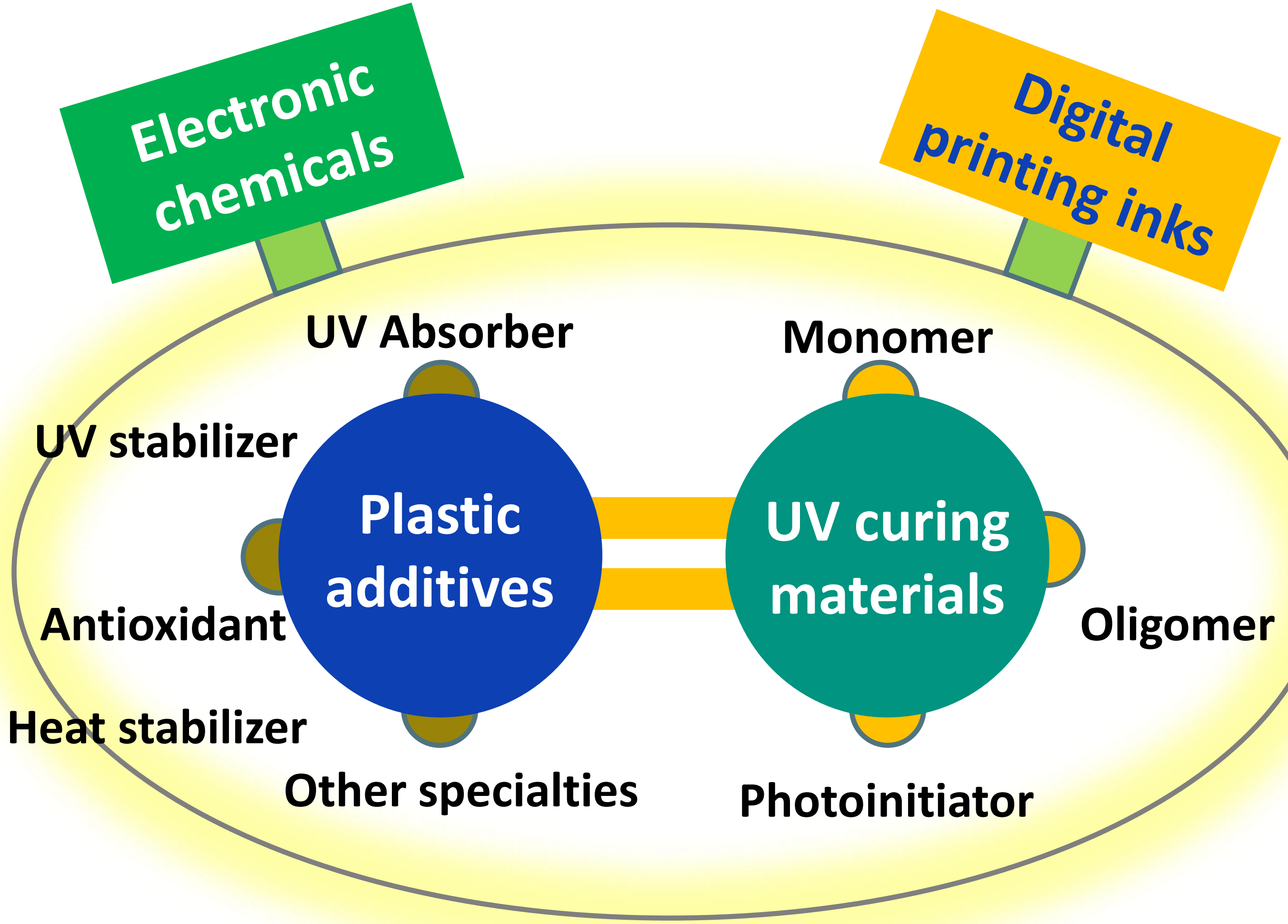
(3) Competitive Strengths: Core Technologies



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Product Applications

(1) Plastics additives

(2) UV curing materials

(3) Digital printing inks

(4) Electronic chemicals

Product Applications

(1) Plastics additives

Brassiere

Industrial / automotive paints

Agricultural film

Plastic products

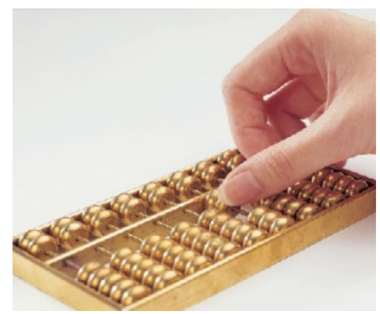
Lubricant

Adhesive for shoes

Plastics additives：purpose, function

Aging prevention

- Natural aging --- antioxidants
- Heat aging --- thermal stabilizer
- Light aging --- UV stabilizer



Function

- Anti-static --- antistatic agent
- Fireproof --- fire retardant
- Soft --- plasticizer
- Mildew --- antibacterial agent
- Machinability --- slip agent

Cost reduction

- Filler --- calcium carbonate, etc.

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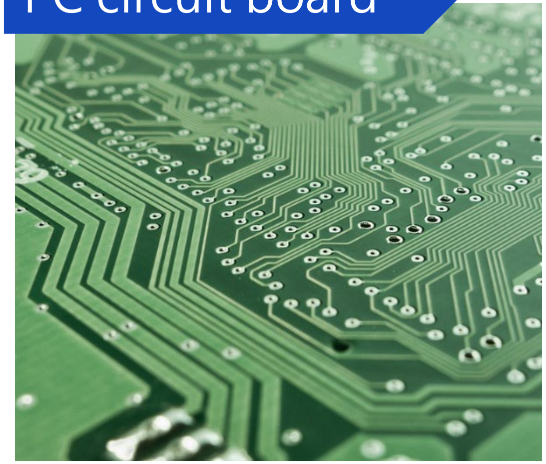
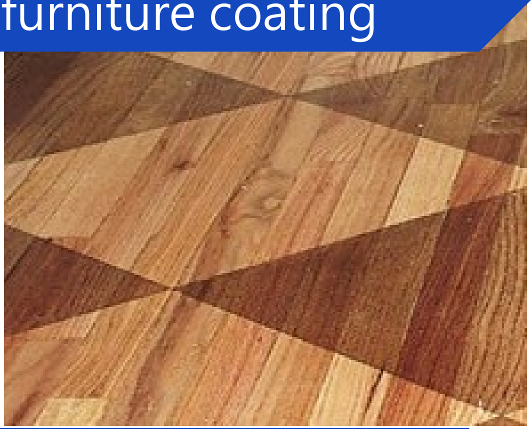
Product Applications
(2) UV curing materials

Coating for Tetra pack, label

PC circuit board



Wood parquet , furniture coating



Mobile phone coating

Optical electronics coating

The medical materials for teeth, contact lenses

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UV curing technology：5E Features

Low energy consumption only 10% of solvent paint
Curing at room temperature

Curing for seconds
Fast curing, rapid processing

High adhesion and wear-resistant for hard or soft

Efficient

Energy Saving

5E Features

Enabling

Economical

Environmental Friendly

Low investment costs, simple equipment, save 90% space

Solvent free, reducing CO_2 emissions by 90%

Product Applications：
(3) Digital printing inks

Printing for all kinds of fabric

Shoes

Fashion costume

Printing for tile

3C glass

Leather printing

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Digital Printing VS Traditional Printing

	Digital printing	Traditional printing
Advantage	◆ 70 m^2/ min. Production speed ◆ No screen-making necessary to print (color separation, black figure, screen) ◆ Low waste water (1/6 of traditional way) ◆ Reduce human resources (1/2 of traditional way) ◆ Fast printing ◆ Dyeing quality improvement (gradient color), high precision ◆ Colorful ◆ The overall industrial upgrading and good operating environment	◆ Simple color separation, and when the yield is high, the cost is low ◆ The cost of dye / pigment are lower
Disadvantage	◆ High prices of inks and digital printing-heads ◆ The necessity of professional operators	◆ Need to spends time and money to make a screen ◆ High waste water and intensive labor ◆ Large site area ◆ High Ambient temperature and poor air quality ◆ Time consuming in printing

Product Applications：
(4) Electronic chemicals

Traffic light

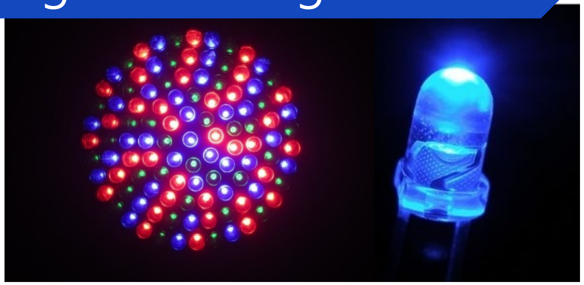
Consumer digital products

Headlight

Lighting device

3D Virtual reality

Light-emitting diode



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Operating Performance

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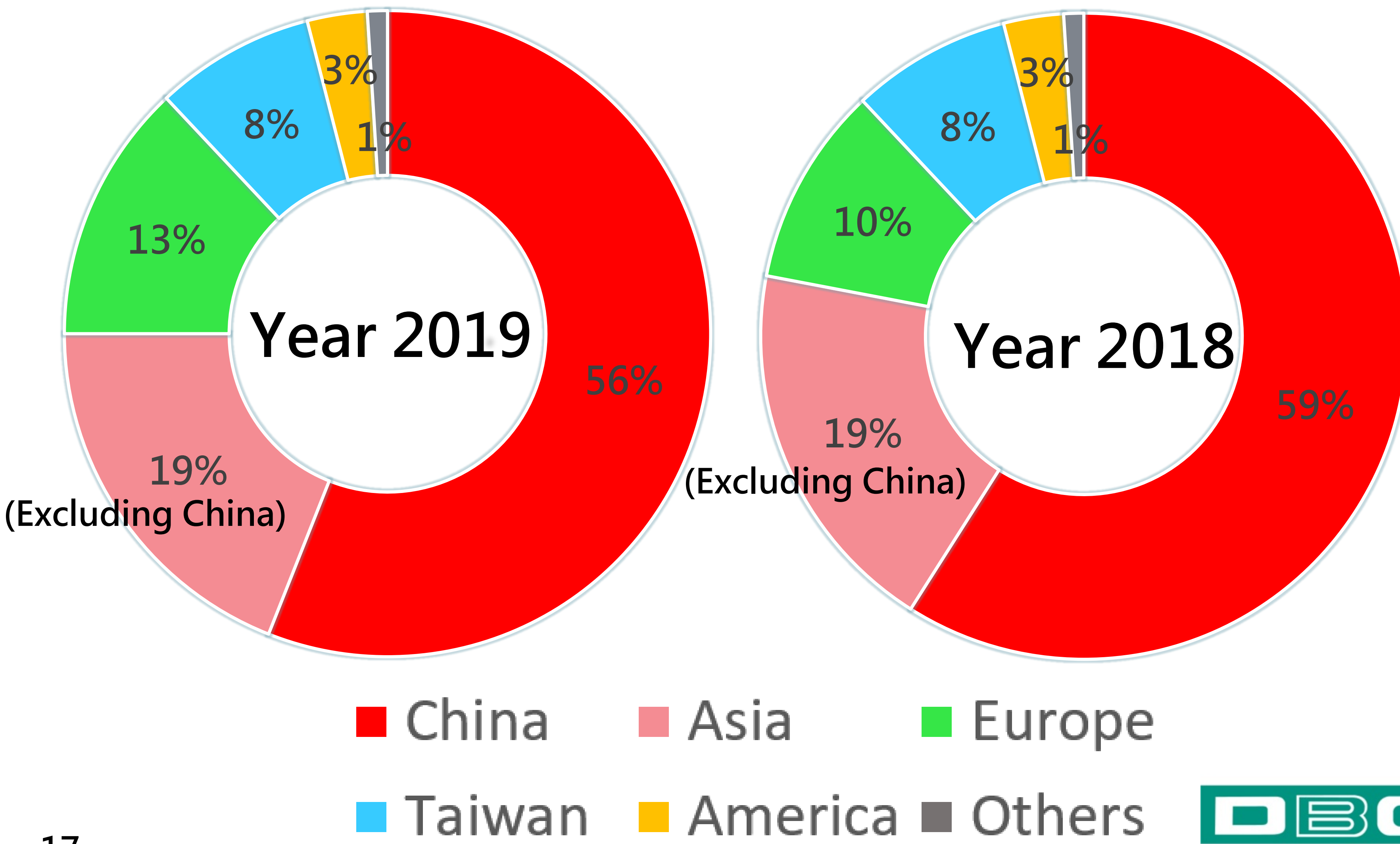
Sales Ratio by Region



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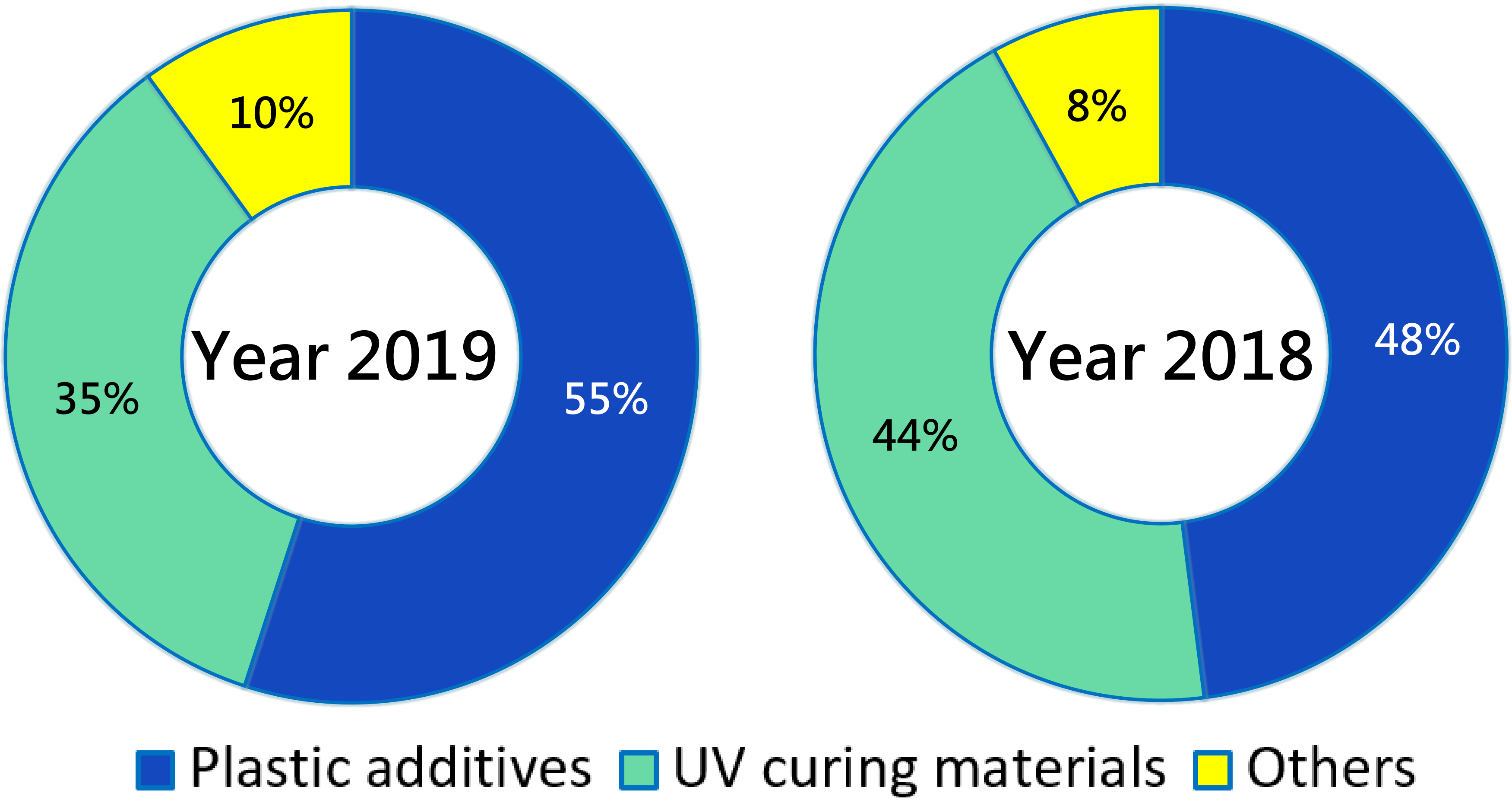
Sales Ratio by Product



Consolidated Profit & Loss- 2020/01/01 To 2020/09/30

Unit：NTD Thousand ; Dollar

Period	2020/1/1~ 2020/9/30	2019/1/1~ 2019/9/30	YoY
Operating Revenue	1,820,332	2,706,641	-32.7%
Gross Profit	306,985	555,221	-44.7%
Gross Profit %	*16.9%*	*20.5%*	
Operating Expenses	(262,970)	(336,773)	-21.9%
Operating Expenses %	*-14.4%*	*-12.4%*	
Operating Income	44,015	218,448	-79.9%
Operating Income %	*2.4%*	*8.1%*	
Non-operating Income and Expenses	19,938	9,295	114.5%
Income Before Tax	63,953	227,743	-71.9%
Net Income (Parent)	29,772	176,741	-83.2%
EPS (NTD Dollar)	0.39	2.30	
Capital Stock (End of Period)	754,206	767,886	

Source：Financial Report Reviewed by CPA

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Future Prospects-1

- **The measures regarding the Dafeng factory is still under suspension**

1) Comply with local government's instructions to meet the requirements.

2) It has been publicized by the Dafeng District Government of Yancheng City, and wait for the approval letter of the Yancheng City Government for resumption of production.

3) Due to the particularities of product technologies, it is not easy to outsource our products. Besides, China's political risk is increasing, and any investment need to be prudentially assessed. Therefore, we supply products with the Yilan factory's capacity at the time being.

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Future Prospects-2

- **The Yilan factory's new manufacturing processes will be gradually adopted in trial run**

  1) Industrial photoinitiators are expected to be tryingly produced in Q1 2021 , and gradually reach the goal of 5000mt/year within 3 to 6 months.

  2) Electronic photoinitiators and waterborne oligomers are expected to be tryingly produced in Q3 2021 , and gradually reach the goal of 1000mt/year within 3 to 6 months.

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Thank you !

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